

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

<u>SANDY POINT WATER COMPANY</u>)	
)	STIPULATION AGREEMENT
RE: Proposed Rate Change)	
(21.8% or \$3,133 Increase in Revenue))	
)	
)	August 7, 2003
<u>Docket No. 2003-315</u>)	

This Stipulation is an agreement entered into by the Sandy Point Water Company (hereinafter referred to as "the Company," "SPWC," or as "the Water Company"), and the Public Advocate, who together shall hereinafter be referred to as "the parties."

I. PURPOSE

The purpose of this Stipulation is to resolve the issues raised by the Water Company's April 30, 2003 filing for an increase in its water rates. By filing this Stipulation, the parties are agreeing to a plan under which the Water Company's increased rates can be put into effect. The parties are also agreeing to a rate design that, for the first time, establishes different rates for seasonal customers and annual customers.

The parties seek to avoid hearings on Water Company's revenue requirement, and to expedite the Public Utilities Commission's consideration and resolution of this proceeding. The provisions agreed to herein have been reached as a result of the Company's April 30, 2003 filing, its June 30, 2003 corrected filing, informal conversations among the parties, and information provided at the June 27, 2003 technical conference with the Commission's Advisory Staff, and in the July 24, 2003 conference call between the parties and the Advisory Staff.

II. STIPULATION PROVISIONS

The Sandy Point Water Company and the other parties to this proceeding agree to the following terms and conditions:

A. Record. The record on which the Commission may base its findings and decision in this proceeding shall consist of the Company's two filings, this Stipulation, the discussions in the June 27, 2003 technical conference, the two e-mail messages sent to the Staff and Public Advocate on July 17, 2003 and July 20, 2003, and the agreements reached in the July 24, 2003 conference call.

B. Revenue Requirement. The revenue requirement for the Water Company shall be \$18,550 per year.

C. Rate Design. As shown on Sheet 1, Fourth Revision, of the Company's tariff, attached hereto, effective July 1, 2003, the rate applicable for each seasonal customer shall be \$507.00 per year (or season). "Seasonal customers" will be the customers who take water service for no more than six months between May 1 and October 31 each year. All other customers shall pay an "Annual" rate of \$576.00 per year.

D. Water Meters for SPWC Operational Data Collection. The Company will install no fewer than 3 water meters on its system in order to permit the Company to monitor its water system for leaks.

E. Water Meters for Customer Data Collection. Starting this fall, the Company will install water meters at the residences of no more than six customers for the purpose of developing data and information about water use by customers. Three of the customers with water meters shall be seasonal customers, and their water meters shall be installed prior to their taking service in May 2004. Starting in October 2003, and continuing through December 2005, the meters will be used solely to collect data and information about customer usage.

F. Accounting Treatment of Contributions. The parties agree that voluntary and matching contributions received in response to the "Challenge Funds" campaign and other similar campaigns in the future will be treated as capital contribution and recorded in Account 211, Other Paid-in-Capital.

G. Accounting Treatment of Construction Projects. The parties agree that all eligible construction projects should be recorded as utility plant and depreciated in accordance with the requirements of the Chapter 680 of the Commission's rules.

III. STANDARD STIPULATION PROVISIONS

A. Rejection of Portion Constitutes Rejection of Whole. If the Commission does not accept this entire Stipulation without material modification, then the Stipulation shall be null and void, and will not bind the parties in this proceeding.

B. No Precedent. The making of this Stipulation by the parties shall not constitute precedent as to any matter of fact or law, nor, except as expressly provided otherwise herein, shall it foreclose any party from making any contention or exercising any right, including the right of appeal, in any other Commission proceeding or investigation, or in any other trial or action.

C. Examiner's Report. The parties agree to waive the provisions of Section 752(b) of the Commission's Rules of Practice and Procedure, requiring that any Examiner's Report be in writing and that the parties be afforded an opportunity to file exceptions or comments thereon. The parties thereby intend to permit the Advisory Staff either to provide an oral Examiner's Report to the Commission at the deliberative session to be held in this Docket, or, if the Advisors so wish, to provide a written

Examiner's Report to the Commission with the parties waiving the right to file exceptions or comments thereto.

IN WITNESS WHEREOF, the parties have signed this Stipulation Agreement, requesting that it be approved by the Public Utilities Commission without significant modification.

Sandy Point Water Company

Date: _____

By: _____
Robert N. Brooks
Sandy Point Water Company

Public Advocate Office

Date: _____

By: _____
William C. Black
Deputy Public Advocate